

Required Report: Required - Public Distribution

Date: October 05, 2023

Report Number: CH2020-0181

Report Name: Grain and Feed Update

Country: China - People's Republic of

Post: Beijing

Report Category: Grain and Feed

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Report Highlights:

Post forecasts China's MY2023/24 grain feed and residual use to increase slightly and corn production also slightly higher due to a larger planted area and improved yields. Sources report there is active interest in alternative domestic and imported grains free from tariff rate quota (TRQ) requirements as a replacement for corn in feed rations. The production impact of the summer's typhoons is limited. The forecast of milled rice production remains unchanged despite high temperatures and typhoon damage in some regions which was offset by increased precipitation in arid southern areas.

Executive Summary

Post forecasts China's MY2023/24 grain feed and residual use to increase slightly from MY2022/23. Post's forecast for corn production in MY2023/24 is slightly higher to 280 million metric tons (MMT) due to a larger planted area and improved yields. Post forecasts MY2023/24 corn imports at 20 MMT as alternative domestic and imported grains free from TRQ requirements are available to replace corn in feed; substitution of domestic old stock rice and sprouted wheat as well as imported sorghum and barley for corn will be significant. Despite widespread media attention, the production impact of the summer's typhoons is limited because storms repeatedly affected the same areas, and droughts occurred in arid areas that, according to China's Ministry of Agriculture and Rural Affairs (MARA), have seen "nine droughts in ten years." The forecast of milled rice production remains unchanged at 149 MMT despite high temperatures and typhoon damage throughout the summer, offset by increased precipitation in arid southern areas that benefited from the extra rain.

TOTAL GRAIN FEED AND RESIDUAL DEMAND

Post forecasts China's MY2023/24 feed and residual use to increase slightly from MY2022/23. According to MARA's official statistics, the total hog herd in June 2023 was 435.2 million head, still about 1 percent higher than last June. The January-July sow inventory still averaged 1.5 percent higher year-on-year after continuously declining month-on-month in the first seven months of 2023. Furthermore, MARA and PRC efforts to promote lower inclusion rates of soybean meal in feed is increasing the proportion of grain ingredients in feed. Despite the PRC official statistics, FAS China forecasts swine production (pig crop) in calendar year 2024 will decline by 1 percent year-on-year due to lower sow inventories in 2023. (See GAIN Report [Livestock and Products Annual | CH2023-0111](#)). Posts also forecasts chicken meat production lower for both white broiler and yellow broilers in calendar year 2024. (See GAIN Report [Poultry and Products Annual | CH2023-0112](#)).

Table 1. China: Feed and Residual Demand Estimates by Marketing Year
(Unit: Million Metric Tons or MMT)

Grain	2021/22	2022/23	2023/24	Absolute Change
Corn	210	220	222	2
Sorghum	11	5	8	3
Barley	7.3	6.3	6	-0.3
Wheat	35	31	37	6
Old Stock Rice (Milled Equivalent)	25	20	12	-8
Total	288.3	282.3	285	2.7

Source: FAS China

MAJOR FEED GRAINS

Corn

Post forecasts corn **production** in MY2023/24 to increase slightly to 280 MMT due to a larger planted area and improved yields. Post increased its planted area estimate by 300,000 hectares since the June Grain and Feed Update. Official and industry estimates of the increase in planted area range from 230,000 to 750,000 hectares or 0.5 to 1.9 percent of the total planted area. Production estimates from official and industry sources vary from 270 MMT to 282.5 MMT.

Table 2. China: Industry Estimates of Corn Area Change (Unit: 1,000 Hectare)

Regions	MY2022/23	MY2023/24	Percentage Change
Northeast	16,450	16,838	2.4%
North China Plain	14,456	14,767	2%
Southwest	4,235	4,250	0.3%
Northwest	3,257	3,277	0.6%
South Hilly Area	1,777	1,795	1%
Nationwide	40,175	40,927	1.9%

Source: Industry Sources

Industry contacts report that MARA has designated around 267,000 hectares (0.6 percent of total corn area) as pilot areas for GE corn production in MY2023/24, four times more area planted than the previous year. MARA expanded the pilot program this year to 20 counties in 5 provinces, including Hebei, Inner Mongolia, Jilin, Sichuan, and Yunnan. According to industry sources, there is also a large amount of GE corn planted, but not publicly announced, in central Liaoning, central and western Jilin, and certain areas in Heilongjiang. An official news publication reported that the insect resistance and herbicide resistance traits in transgenic corn and soybean are “performing well,” and that transgenic corn and soybean varieties can increase yield by 5.6-11.6 percent. The control effect on Lepidoptera pests such as *Spodoptera frugiperda* (fall armyworm) is reportedly over 90 percent and the weeding effect over 95 percent. (NOTE: Post’s reports on the developments in the PRC’s agricultural biotechnology cultivation are available in [FAS China GAIN reports](#). END NOTE).

The National Agricultural Meteorological Station estimated that the national average corn yield in 2023 will be within trend. China grain crops suffered both drought and floods in the summer of 2023. However, MARA explained that the drought-hit areas are traditionally arid areas with “nine droughts in ten years.” Several rounds of large-scale rainfall effectively replenished soil moisture and basically relieved the drought. According to an industry survey, corn areas that typhoons affected accounted for a small proportion of the total corn area and the consecutive storms mostly hit the same areas. Compared with the damage of the three typhoons in 2020, 2023’s typhoons have impacted corn production much less. In 2020, three typhoons reduced Northeast corn production by an industry estimate of 10 MMT. In 2022, industry estimated that floods reduced northeast corn production by 8 MMT. Initial estimates for 2023 loss stayed at 4-5 MMT, which a bumper corn harvest in the North China Plain (NCP) may offset. MARA also stated on August 16, 2023, that crop diseases and pest infestations were “relatively light” so far with no significant impact on autumn grain production.

Images 1-2. China: Liaoning Province Corn Field in Mid-September 2023



Image 3. China: Corn Crop Failure in Heilongjiang's Wuchang Area



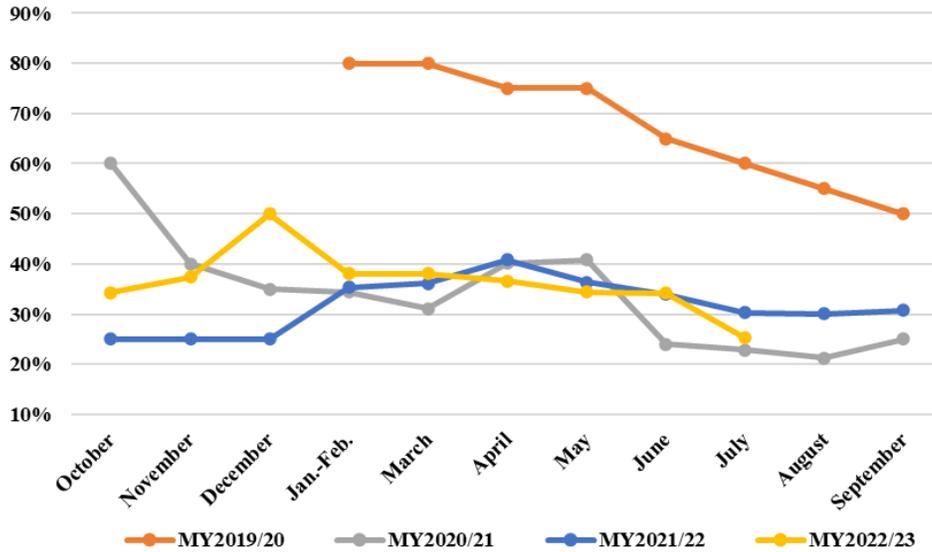
Post estimates an overall normal corn yield in the Northeast this year. FAS China observed indications of a good crop in Liaoning (Image 1-2) and Jilin province. One exception was Heilongjiang's Wuchang area (Image 3), which suffered substantial damage from heavy rain and flooding. More than 40 percent of the area's crop failed, visibly flattened from flooding or otherwise dry and dead.

Post's MY2023/24 **feed corn and residual use** forecast is 1 MMT lower from June estimates as the availability of sufficient lower-priced alternative grains in the market will squeeze corn use in feed. Post expects the MY2023/24 ratio of corn in feed rations to be slightly lower than in the previous year. Post estimates that there are 22 MMT of new crop sprouted wheat from the eight major producing provinces, of which 20 MMT will go to feed use. Old stock rice auctions mainly for feed use resumed on August 2, 2023, with a total of 18 MMT old stock rice offered for sale. China also cancelled tariffs on Australian barley on August 5, 2023, dramatically lowering imported barley prices by \$11 (RMB 80) per MT.

Despite the prevalence of substitutes, Chinese corn farm prices have remained high, fluctuating between \$370 (RMB 2,700) and \$396 (RMB 2,890) over the past year with September prices at around \$393 (RMB 2,872) per MT. Post believes increased procurement efforts from both state and local levels are sustaining the high prices, while feed quality wheat suffered transportation

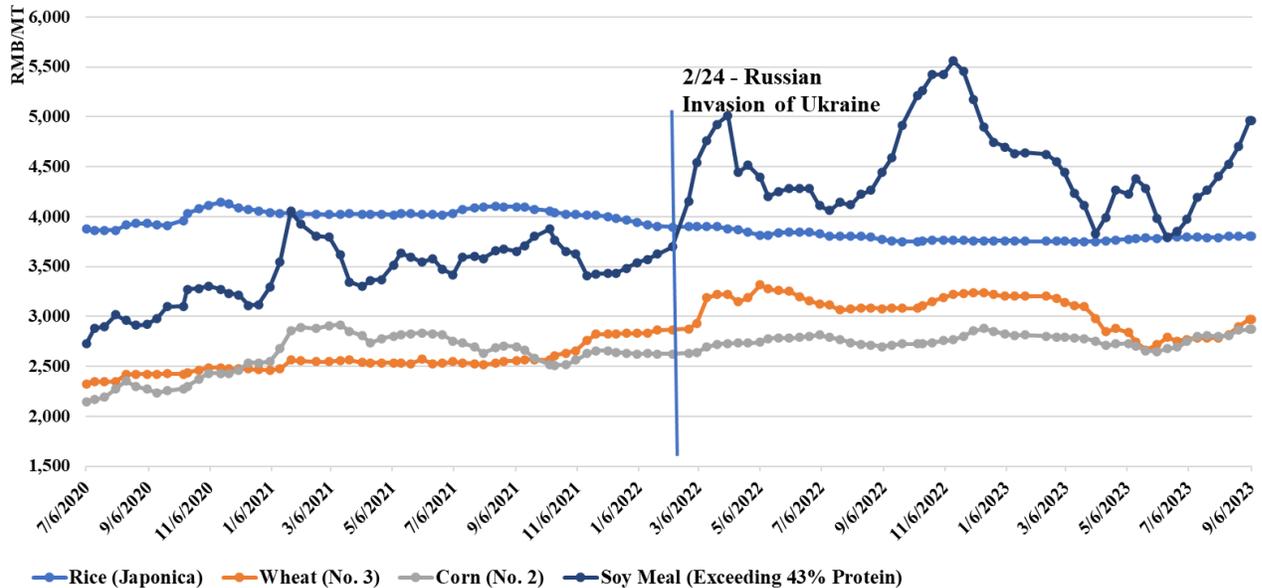
problems due to bad weather. A few leading corn traders are holding corn in storage to wait for higher sale prices. NCP sprouted wheat prices are close to \$27 (RMB 200) per MT lower than corn, pushing feed mills to switch to wheat. Industry reports that wheat in June/July accounts for 30 percent of the power feed rations.

Chart 1. China: Percentage of Corn in Compound Feed



Source: Industry Sources

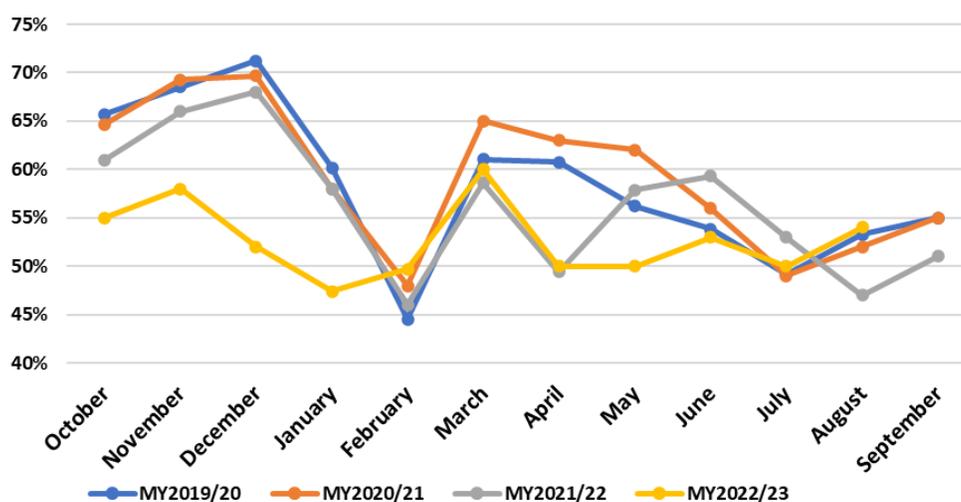
Chart 2. China: National Average Grain Prices 2020-2023



Source: National Bureau of Statistics

Post forecasts MY2023/24 **corn demand for industrial use** to stay unchanged from last year. Both the NCP corn starch profits and corn-based ethanol profits were below zero for most of 2023, ranging from \$27 (RMB +200) to -\$123 (RMB -900), but some sources indicated that profitability has been recovering since early this year. Corn starch plants operated at an average of 53 percent of capacity in MY2022/23, down 4 percent from the previous year. Food and industrial ethanol plants operated at an average of 54 percent of capacity in the first seven months, down 5 percent year-on-year. Industry sources expect plants to continue struggling to be profitable in 2024 due to high corn prices.

Chart 3. China: National Average Corn Starch Operation Rates



Source: Industry Sources

Note: Operations halt each year during the February Lunar New Year holiday

Post forecasts MY2023/24 **corn imports** at 20 MMT, 3 MMT lower than USDA’s official September estimate. Access to quota is an issue with 60 percent of the 7.2 MMT corn TRQ allocated to state-owned enterprises (SOEs) and 40 percent to private buyers, with SOEs routinely purchasing far more than the allotted TRQ since 2019. Traders unable to competitively import corn or receive TRQs have active interest in alternative grains such as domestic sprouted wheat and old stock rice and imported barley and sorghum as replacements for corn in feed rations. On the other hand, PRC-backed offices and trading enterprises will likely continue building corn reserves by buying imported corn when it is priced competitively.

As of September 21, PRC buyers only hold contracts for 635,576 MT of U.S.-origin corn (excluding unknown destinations) for delivery in MY2023/24, compared with more than 3 MMT last September. Since June, Brazil has shipped a total of 2.4 MMT of corn to China. Over 400,000 MT will arrive in China in September or October. Another 1.3 MMT will arrive in China by the end of 2023. Including estimated outstanding sales, industry contacts expect close to 5 MMT of Brazilian corn will enter China in MY2023/24. Imported corn volumes for MY2022/23 to date were 17 MMT, down 15 percent year-on-year. Of the 17 MMT, 6 MMT is from the United States, 2.5 MMT is from Brazil, and another 5.2 MMT is from Ukraine.

Industry reports that Sinograin procured 2-4 MMT of “Corn Reserve for Adjustment” starting in March. There is speculation that the PRC government may be refilling its corn reserves in the context of abundant international grain supply and cheap prices.

Table 3. China: Corn Production, Supply, and Distribution

Corn Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Harvested (1000 HA)	43324	43324	43070	43070	43000	43300
Beginning Stocks (1000 MT)	205704	205704	209137	208137	205817	202817
Production (1000 MT)	272552	272552	277200	277200	277000	280000
MY Imports (1000 MT)	21884	21884	18500	18500	23000	20000
TY Imports (1000 MT)	21884	21884	18500	18500	23000	20000
TY Imp. From U.S. (1000 MT)	15075	15174	0	0	0	0
Total Supply (1000 MT)	500140	500140	504837	503837	505817	502817
MY Exports (1000 MT)	3	3	20	20	20	20
TY Exports (1000 MT)	3	3	20	20	20	20
Feed and Residual (1000 MT)	209000	210000	218000	220000	223000	222000
FSI Consumption (1000 MT)	82000	82000	81000	81000	81000	81000
Total Consumption (1000 MT)	291000	292000	299000	301000	304000	303000
Ending Stocks (1000 MT)	209137	208137	205817	202817	201797	199797
Total Distribution (1000 MT)	500140	500140	504837	503837	505817	502817
Yield (MT/HA)	6.291	6.291	6.436	6.436	6.4419	6.4665

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 – September 2024

Sorghum and Barley

Post expects sorghum **FSI (Food, Seed, and Industrial) use** for Chinese potable alcohol (i.e., *baijiu*) production to remain stable in MY2023/24 while predicting barley use for malting and beer to grow. NBS data showed Chinese *baijiu* production has declined over the past six years. In the first seven months of 2023, production was down 13 percent year-on-year. However, higher-end *baijiu* brands claim to use a higher percentage of domestic sorghum. NBS data reports that January to July beer production was up by 5 percent.

Post anticipates Chinese sorghum **imports** in MY2023/24 will be higher than last year but lower than the official USDA forecast due to price disadvantages compared to barley and corn. U.S. Export Sales by mid-September show China has contracted the purchase of close to 1.6 MMT of sorghum from the United States for MY2023/24, 98 percent higher than last year. Industry contacts estimate close to 1 MMT of U.S. sorghum will arrive in China in September and October.

However, Post’s forecast of Chinese barley imports is higher than USDA’s official forecast but lower year-over-year due to news reports of a global supply reduction. After China ended anti-dumping tariffs on Australian barley on August 5, 2023, Chinese importers turned to Australian barley for about 20 shipments, or more than 1 MMT, with contracts signed for both malting and animal feed. Industry sources expect China to buy Australian barley all the way through 2024. News reports indicate that about 260,000 MT of Argentine barley will arrive in China by October.

In early September, South American corn was the most price-competitive grain at several Chinese ports at \$315 (RMB 2,300) per MT, followed by Australian barley and U.S. corn, U.S. sorghum, imported soft wheat, local sprouted wheat, local brown rice, and finally, local corn.

Table 4. China: Imported Coarse Grain and Substitute Prices in Major Ports

Grain	RMB Price	U.S. Dollar Price
Local Corn	2,860-3,000	\$392-411
Imported U.S. Corn	2,325-2,380	\$318-326
Imported Argentine and Brazilian Corn (quote for 2023 end delivery)	2,265-2,313	\$310-317
Imported U.S. Sorghum	2,446	\$335
Imported Argentine and Australian Sorghum	2,700-2,857	\$370-391
Imported Argentine, French and Australian Barley	2,317-2,372	\$317-325
Local Sprouted Wheat	2,700	\$356
Local Common Wheat	3,100	\$425
Imported U.S. Wheat	2,564-2,977	\$351-408
Imported Australian Wheat	2,800	\$384
Local Brown Rice	2,700	\$370
Imported Pakistan Broken Rice	3,000	\$411
Imported U.S. DDGs (without AD/CVD)	2,290	\$314
Unit: RMB per metric ton, exchange Rate as of September 15, 2023 U.S. \$1= RMB 7.3		

Source: Industry Sources

Image 4. China: Sorghum Crop in Jilin Province, Mid-September 2023



Table 5. China: Sorghum Production, Supply, and Distribution

Sorghum Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	630	630	630	630	630	630
Beginning Stocks (1000 MT)	269	269	255	255	225	225
Production (1000 MT)	3000	3000	3000	3000	3000	3000
MY Imports (1000 MT)	10991	10991	5000	5000	8500	8000
TY Imports (1000 MT)	10991	10991	5000	5000	8500	8000
TY Imp. from U.S. (1000 MT)	6474	6435	0	0	0	0
Total Supply (1000 MT)	14260	14260	8255	8255	11725	11225
MY Exports (1000 MT)	5	5	30	30	5	5
TY Exports (1000 MT)	5	5	30	30	5	5
Feed and Residual (1000 MT)	11000	11000	5000	5000	8500	8000
FSI Consumption (1000 MT)	3000	3000	3000	3000	3000	3000
Total Consumption (1000 MT)	14000	14000	8000	8000	11500	11000
Ending Stocks (1000 MT)	255	255	225	225	220	220
Total Distribution (1000 MT)	14260	14260	8255	8255	11725	11225
Yield (MT/HA)	4.7619	4.7619	4.7619	4.7619	4.7619	4.7619

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Table 6. China: Barley Production, Supply, and Distribution

Barley Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	510	510	510	510	500	500
Beginning Stocks (1000 MT)	1374	1374	256	256	156	156
Production (1000 MT)	2000	2000	2000	2000	2000	2000
MY Imports (1000 MT)	8282	8282	8000	8300	7500	8200
TY Imports (1000 MT)	8282	8282	8000	8300	7500	8200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	11656	11656	10256	10556	9656	10356
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	7300	7300	6000	6300	5300	6000
FSI Consumption (1000 MT)	4100	4100	4100	4100	4150	4150
Total Consumption (1000 MT)	11400	11400	10100	10400	9450	10150
Ending Stocks (1000 MT)	256	256	156	156	206	206
Total Distribution (1000 MT)	11656	11656	10256	10556	9656	10356
Yield (MT/HA)	3.9216	3.9216	3.9216	3.9216	4	4

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

MAJOR FOOD GRAINS

Wheat

Post forecasts MY2023/24 **wheat production** slightly lower than the current USDA official estimate at 136.5 MMT. NBS data shows China's summer wheat production fell 0.9 percent for MY2023/24, the first decline in seven years, on account of heavy rain that hit key growing areas just ahead of the harvest. Wheat acreage increased by 0.4 percent, but yields were down 1.3 percent. However, a renowned agricultural firm's sample survey estimated summer wheat output

down by ten percent. Henan alone recorded a 17-percent reduction from last year. Shandong, Jiangsu, and Hebei each recorded 10 percent drops.

Post forecasts MY2023/24 **wheat consumption as fodder** will return to MY2021/22 levels due to quality issues from bad weather. Post estimates that of 22 MMT of sprouted wheat from the eight major producing provinces, 20 MMT will go to feed use. Total wheat for feed use and residual will be 37 MMT.

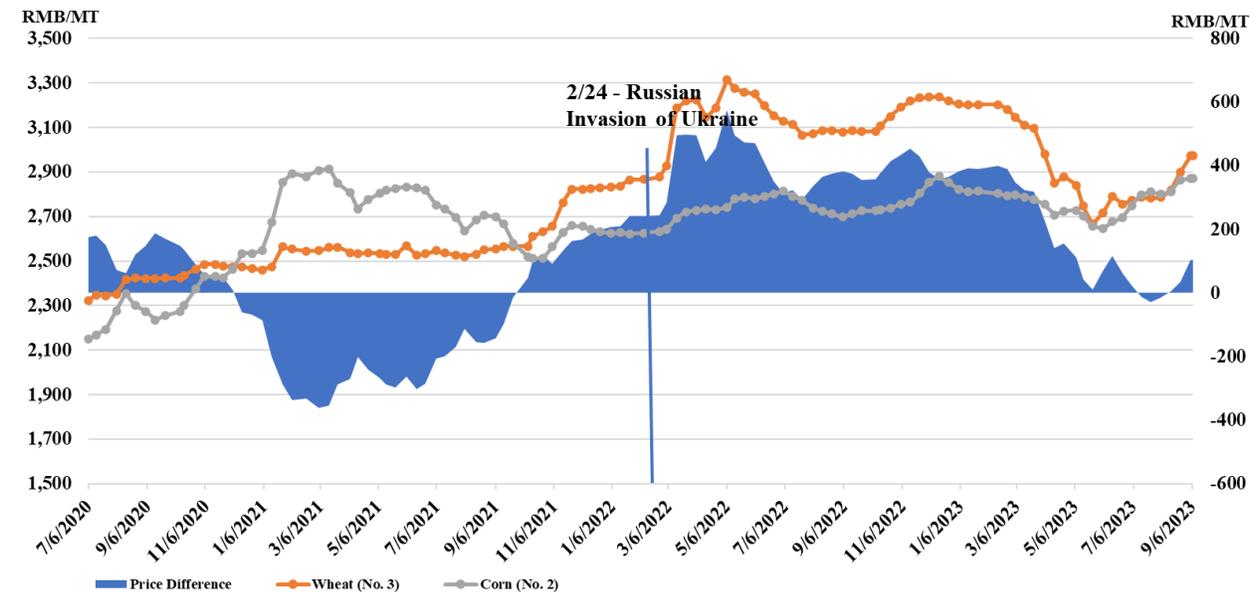
Table 7. China: MY2023/24 Sprouted Wheat Estimates

Provinces	Amount
Shandong	1,000,000 MT
Henan	17,000,000 MT
Hubei	750,000 MT
Jiangsu	80,000 MT
Anhui	1,000,000 MT
Shaanxi	1,000,000 MT
Shanxi	760,000 MT
TOTAL	22,000,000 MT

Source: Industry Sources

Over the last three years, domestic wheat prices rose by close to \$137 (RMB 1,000) per MT. However, in the first nine months of 2023, domestic wheat prices dropped \$45 (RMB 340) per MT (see Chart 4). The sprouted wheat price was about \$27 (RMB 200) per MT lower than corn in September. Industry reported that for compound feed, sprouted wheat can replace 100 percent of corn in broiler feed and 10 to 100 percent of corn in hog feed. Industry contacts expect massive sprouted-wheat substitution of corn to end by September as the sprouted wheat supply will be depleted by that time.

Chart 4. China: Corn and Wheat Average Price Difference 2020-2023



Source: National Bureau of Statistics

Table 8. China: Sprouted Wheat Substitution of Corn in June/July

Region	Average Percentage of Substitution in Feed	Regional Wheat Quality Standard for Feed Use
North China	10%	Vomitoxin less than 800 µg/kg
Central China	15%	Vomitoxin less than 800 µg/kg
Southwest	5%	Vomitoxin less than 1000 µg/kg

Source: Industry Sources

Post forecasts MY2023/24 wheat **imports** to remain unchanged from Post’s June estimate due to domestic wheat production losses. Current prices are favorable for imports. From January to August this year, China purchased 9.4 MMT of wheat with more than 64 percent originating from Australia, mainly for feed use. The wheat TRQ is 9.636 MMT for the calendar year, which post expects state-owned enterprise (SOE) purchases to exceed significantly for the first time. Access to quota is an issue with 90 percent of the wheat TRQ allocated to SOEs and only 10 percent to private buyers. For food use, September quotes for November-December delivery of U.S. Soft Red Winter Wheat (SRW) are \$66 (RMB 480) per MT cheaper than domestic wheat for food use, while U.S. Hard Red Winter Wheat (HRW) prices are similar to domestic wheat. Both are popular varieties in China for mills to blend into high-end flour or other bakery inputs. Chinese importers are interested in high protein content wheat for food use.

Domestic wheat prices remain significantly above the government’s Minimum Support Price (MSP) of \$321 (RMB 2,340) per MT. The MSP was not triggered last year and is not expected to be triggered this year either. As a general practice, the PRC suspends MSP wheat auctions in April and resumes auctions in October. The floor price offered at the October auction will be a deciding factor for domestic wheat prices.

Though **wheat stocks** are not publicly available, the industry consensus is that there are about 39 MMT of temporary reserve wheat, and overall volumes in the national reserve for food use are stable. Cheaper imported wheat is currently the best option to replenish MSP reserves.

Table 9. China: Wheat Production, Supply, and Distribution

Wheat	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Harvested (1000 HA)	23568	23568	23519	23519	23700	23700
Beginning Stocks (1000 MT)	139120	139120	136759	136759	138818	140818
Production (1000 MT)	136946	136946	137723	137723	137000	136500
MY Imports (1000 MT)	9568	9568	13282	13282	11000	11000
TY Imports (1000 MT)	9568	9568	13282	13282	11000	11000
TY Imp. from U.S. (1000 MT)	1075	1077	1480	1480	0	0
Total Supply (1000 MT)	285634	285634	287764	287764	286818	288318
MY Exports (1000 MT)	875	875	946	946	900	900
TY Exports (1000 MT)	875	875	946	946	900	900
Feed and Residual (1000 MT)	35000	35000	33000	31000	37000	37000
FSI Consumption (1000 MT)	113000	113000	115000	115000	116000	116000
Total Consumption (1000 MT)	148000	148000	148000	146000	153000	153000
Ending Stocks (1000 MT)	136759	136759	138818	140818	132918	134418
Total Distribution (1000 MT)	285634	285634	287764	287764	286818	288318
Yield (MT/HA)	5.8107	5.8107	5.8558	5.8558	5.7806	5.7595

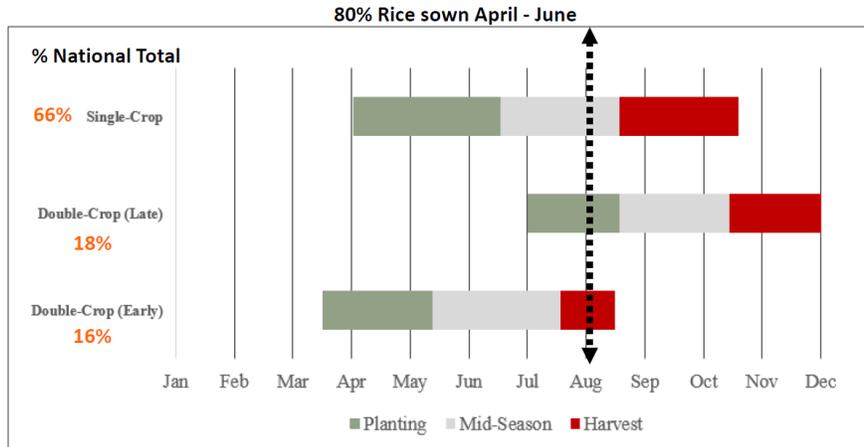
(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

Rice

Chart 5. China: Rice Cropping Calendar and Percent of National Total



**2023/24 Single-Crop and Double-Early Crop planting completed by June;
Double-Late Crop planting in progress;**

➤ **China rice forecast is a combined harvest of single, early- and late-double**

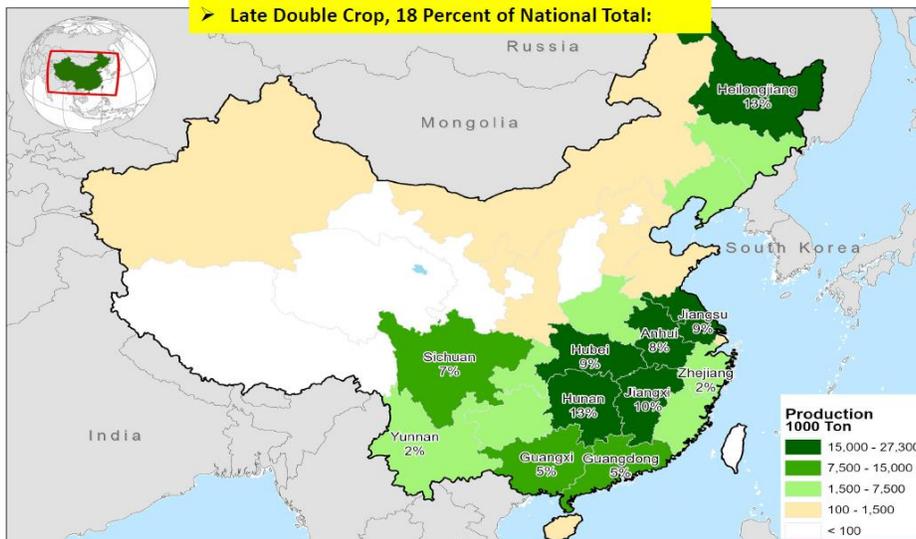
Source: FAS Global Market Analysis (GMA), International Production Assessment Division (IPAD)

Post's forecast of milled **rice production** remains unchanged at 149 MMT despite high temperatures and typhoon damage throughout the summer. NBS announced in late August 2023 that early rice production, which accounts for 13 percent of total rice production, was 28.3 MMT, up slightly from 2022 due to higher yields and despite less planted area. Since August, two consecutive typhoons affecting the northeast have disrupted the normal growth rhythm of rice, which was in the stage of heading and flowering and thus particularly vulnerable to flooding. Some rice fields in northern and western Jilin, southern Heilongjiang, and northwestern Liaoning have been severely damaged by floods. Waterlogging in paddy fields typically results in poor or failed pollination of rice, increasing the number of empty shells and empty pod rate. Meanwhile, less sunshine will also have a negative impact on rice flowering and pollination. Industry estimates that floods may reduce rice production by 3 to 5 percent in flood-affected areas. However, higher production from better precipitation in the South and other traditionally dry places is likely to offset losses in the Northeast.

Chart 6. China: Total Rice Production Distribution by Province

FAS GMA IPAD | Wednesday, July 5, 2023

- > Early Double Crop, 16 Percent of National Total:
- > Single Crop, 66% of National Total:
- > Late Double Crop, 18 Percent of National Total:



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Source: National Bureau of Statistics of China (data excluding Taiwan)
Average Total Rice Production 2015-2019

Image 6: China: Lodged Rice Crop in Heilongjiang's Wuchang Area



Post forecasts MY2023/24 rice **consumption** at 152 MMT, 3 MMT lower than MY2022/23 due to less old stock feed quality rice offered at auctions and high international rice prices. Rice mill operation rates were below 20 percent of capacity in the first half of 2023 due to weak demand.

Long-expected auctions of old stock rice (produced before 2017) to feed mills, which have been suspended for almost a year, finally resumed in August. The auctions offered 2 MMT of rice every week with a floor price of \$233 (RMB 1,700). In the first six rounds, the auctions sold 10.42 MMT of the 12 MMT of paddy rice offered. Sales rates have been declining from 100 percent to 80 percent. Industry sources expect the massive sprouted-wheat substitution of corn in

feed to end by September, at which time old stock rice will become the major substitute for corn. Industry sources estimated the price of old stock rice mixed with corn at about \$356-370 (RMB 2,600-2,700) per MT in northern ports, or \$370-384 (RMB 2,700-2,800) per MT in southern ports, which is competitive with domestic corn prices. Industry expects that the auctions will offer around 18 MMT of old stock rice this year, less than half of the amount offered in 2021 and 2022.

Table 10. China: Old Stock Rice Market Price Estimates

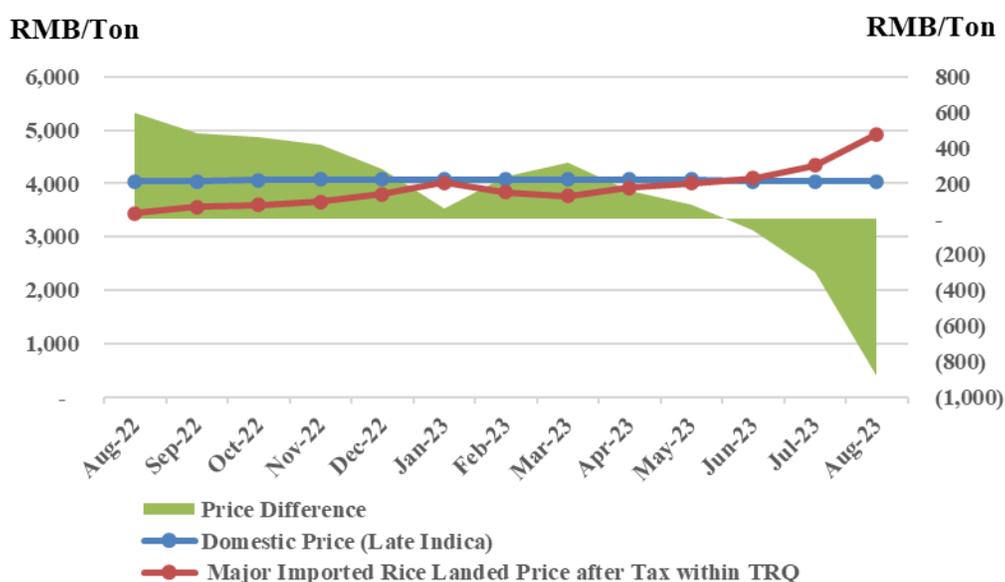
YEAR	Floor Price	Incidental Charges	Milled Rate	Brown Rice Price	Corn Rice Mixture Price	Price at Ports
2021	1,500	130	77%	2,200	2,270	2,500 (\$342)
2022	1,600	130	80%	2,270	2,340	2,550 (\$349)
2023	1,700	130	80%	2,400	2,420	2,650 (\$363)

Source:

MY2023/24 rice MSP auctions sold a little more than 1 MMT rice for MY2023/24, four times higher than last year. Even with this pace, industry contacts estimate that MSP auctions will sell approximately 3 MMT of rice in MY2023/24.

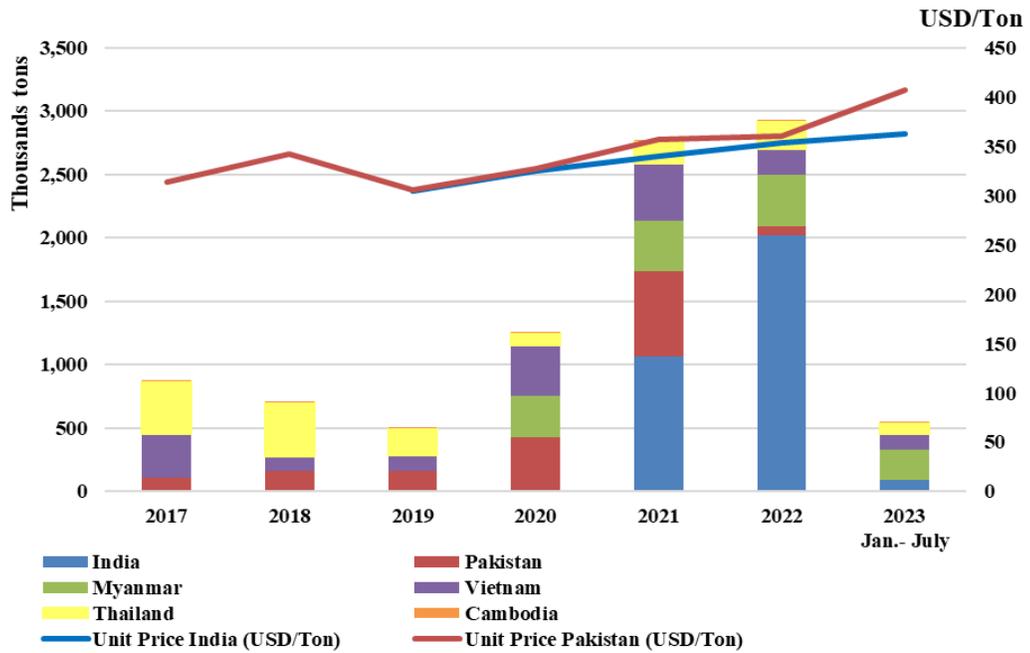
Post further decreased rice **imports** for MY2023/24 to 3.5 MMT, 2.2 MMT lower than MY2022/23 due to India’s export ban on broken rice and high international rice prices. January to August rice imports decreased by 2.5 MMT, 55 percent lower year-on-year. Trade Data Monitor indicates a 2.2 MMT reduction in broken rice imports from January to August 2023, primarily due to India’s export ban. According to the United Nations Food and Agriculture Organization’s rice price index, global rice prices hit a nearly 12-year high in August 2023. The decline in rice production in China's Northeast is unlikely to result in larger imports as the country is largely self-sufficient.

Chart 7. China: Domestic Rice vs. Imported Rice Prices



Source: Trade Data Monitor, LLC

Chart 8. China: Broken Rice Imports by Country



Source: Trade Data Monitor, LLC

Chinese rice experts suggested enhancing rice planting technology and milled rice **exports** to Belt and Road Initiative (BRI) countries will enlarge the PRC’s “circle of friends.” China’s rice exports to BRI countries have been gradually increasing over the past years.

Rice stocks are not publicly available, but industry estimates that there are more than 40 MMT of rice in the MSP reserve, of which 2 MMT are 2015 and 2016 rice, 14 MMT are 2018 rice, 16 MMT are 2019 rice, and 12 MMT are 2021 rice.

Table 11. China: Rice Production, Supply, and Distribution

Rice, Milled Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29921	29921	29450	29450	29850	29850
Beginning Stocks (1000 MT)	116500	116500	113000	113000	106600	106600
Milled Production (1000 MT)	148990	148990	145946	145946	149000	149000
Rough Production (1000 MT)	212843	212843	208494	208494	212857	212857
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	7000	7000
MY Imports (1000 MT)	5949	5949	4384	4384	3500	3500
TY Imports (1000 MT)	6155	6155	3500	4000	3500	3500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	271439	271439	263330	263330	259100	259100
MY Exports (1000 MT)	2079	2079	1736	1736	2000	2000
TY Exports (1000 MT)	2172	2172	1400	1400	2000	2000
Consumption and Residual (1000 MT)	156360	156360	154994	154994	152000	152000
Ending Stocks (1000 MT)	113000	113000	106600	106600	105100	105100
Total Distribution (1000 MT)	271439	271439	263330	263330	259100	259100
Yield (Rough) (MT/HA)	7.1135	7.1135	7.0796	7.0796	7.1309	7.1309

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

Attachments:

No Attachments